

TESTIMONY OF KIP HAWLEY,
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AIR TRAFFIC SERVICES (ATS) SUBCOMMITTEE
BEFORE THE HOUSE SUBCOMMITTEE ON AVIATION
ON THE FEDERAL AVIATION ADMINISTRATION'S AIR TRAFFIC CONTROL
MODERNIZATION PROGRAMS
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INTRODUCTION

Chairman Mica, Congressman Lipinski, Members of the Subcommittee, my name is Kip Hawley and I am pleased to appear before you today in my capacity as Chairman of the Federal Aviation Administration's (FAA) Management Advisory Council, Air Traffic Services (ATS) Subcommittee to discuss air traffic control modernization.

As you know, in 1996 Congress established the Federal Aviation Management Advisory Council (MAC). The MAC reviews, comments and makes recommendations on FAA management, policy, spending, funding, and regulatory matters affecting the aviation industry. Later, in the Aviation Investment Reform Act for the 21st Century, or AIR-21, the MAC was expanded by creating the ATS Subcommittee and also a Chief Operating Officer (COO) position. I applaud Administrator Blakey's appointment of Russell Chew as the new COO. Russ is just getting started, but after spending a good deal of time with him, I am confident that he is the right person to implement the Administrator's plan to transform the FAA into a performance based organization. He will be sharing more details with you on his plans in the near future.

As you know, the purpose of our Subcommittee is to provide business expertise to FAA's air traffic services function thereby assisting in more efficient and effective operations.

In addition to myself, the current members of the Subcommittee are Sharon Patrick, President and CEO of Martha Stewart Living Omnimedia, Inc.; Leon Lynch, International Vice President of Human Affairs for the United Steelworkers of America; and Phil Brady, President of National Automobile Dealers Association.

My testimony today will focus on the Subcommittee's activities, specifically how we are working to further the Congressional goal of building a performance-based organization within the FAA. This is relevant to today's hearing because we believe that meaningful, sustainable improvement in air traffic modernization requires underlying process tools that are currently lacking.

The Subcommittee's first initial priority was to get the COO in place since he is the individual who must lead the effort day-to-day. As you know, that has been accomplished with the appointment of Russ Chew. Our second priority is to get the management information framework in place that will allow the Air Traffic Organization's (ATO) leadership team to use accurate, timely data in its decision-making. The new cost-accounting system is an important tool in that effort. The third priority is to get in place a measurement system that connects the major top-level goals all the way to ground-level daily operations. The last of the initial priorities is to link the operations performance measurement systems with compensation.

With the release of the Flight Plan – 2004-2008, Administrator Blakey has demonstrated her own commitment to have the FAA focus on metrics. The ATS Subcommittee, which meets on a quarterly basis, has made great progress in assisting the FAA in designing appropriate metrics, creating an atmosphere of accountability, and establishing a more business-like structure to the air traffic services functions of the FAA. The members and I believe that our first goal is to fulfill our statutory obligation of providing oversight of the management and direction of the air traffic control system. Specifically, we've taken seriously our specific responsibilities of providing oversight of: the strategic plan, modernization, operational plans and the management of the air traffic control system. The FAA operates the safest, most complex and efficient air traffic control system in the world. What we, as leaders within the non-aviation business community, can add is our knowledge of best business practices for ensuring the new ATO can truly operate as a performance-based organization, with meaningful performance measures that reflect the needs of its customers. The agency has made a critical first step on the path to success by hiring a tremendously talented and qualified Chief Operating Officer (COO) to run the ATO and be a champion of a performance-based management approach.

PERFORMANCE METRICS

While the hiring of the COO was a necessary first step, a second vital step is setting accurate, consistent performance measurements for the creation of a performance-based organization that will ensure the continued safe and efficient operation of the air traffic organization. Establishing and regularly monitoring a specific and well-understood set of performance metrics is an essential foundation to that effort. I would like to point out

that I am extremely impressed with the degree of work that has been accomplished at the FAA in compiling air traffic statistics and in the development of a cost accounting system. One of the first items on my agenda when I became a Subcommittee member was to sit down with the staff members who compile and translate the myriad of statistics maintained on a daily basis for Air Traffic Services and analyze the existing measurements and statistics. Using many of the measurements already in place and adding a few that the Subcommittee believed to be important, the Air Traffic Organization reports on a set of eight key measurements at each Subcommittee quarterly meeting.

These top-level measurements do not comprise a complete set of metrics for the operation of the ATO. They represent critical indicators within each of the key dimensions of the ATO's work. The Subcommittee took the goals for the ATO, as outlined by Congress and the Executive Branch, and established categories – Safety, Procurement, Capacity, Efficiency, and Financial – for the Subcommittee to review on an on-going basis. Within those major categories, a limited number, typically one or two, key metrics were selected to give the Subcommittee an accurate barometer of the ATO's overall progress.

It was very important to the Subcommittee that these metrics be specific enough regarding the FAA's actual performance, to be useful in establishing accountability for that performance. There are many excellent statements of the Air Traffic Organization's goals that are helpful in other contexts, but for the Subcommittee's purposes, we did not want metrics that could be consistently explained away by uncontrollable events. For example,

there are a number of delay-related measurements where weather's role is so important that it would not be useful to form an opinion of the ATO's performance based on good or bad weather.

Since a performance-based organization uses an integrated system that ties performance to rewards, it is essential that the metrics used to establish the performance level be related to the actual performance management responsibilities. The logic can be summarized as follows: (1) Congress requires a performance-based organization that fulfills a performance mandate given to the FAA Administrator and the COO; (2) successful management of an organization requires that employee activities be aligned around common goals; (3) accurate, fair measures of that performance must be established and used; (4) in order to sustain performance, there must be accountability for performance. Therefore, the Subcommittee's focus was to put in place the essential building blocks: a framework of basic metrics, and a COO who could use them effectively.

With the arrival of Mr. Chew as COO, we believe the efforts to fully establish the ATO as a performance-based entity, with fully measurable performance metrics, will begin to move forward more expeditiously. We ask that Congress be patient as Mr. Chew establishes himself as the COO and begins the process of transforming the air traffic side of the FAA. The Subcommittee believes that during the next year these efforts will begin to produce results, and a new, increasingly more effective organization will be in place. But, as stated earlier, the management process must be established with urgency, and we

must be patient as progress is made. Successful efforts along these lines, as demonstrated by many organizations using quality process management, take years of relentless focus and total support up and down an organization. The Subcommittee views its role as one to provide oversight based on accurate and fair measurement of the key processes, and support for the management and employees as they embark on a necessary, important, exciting, and difficult course.

By its nature, the Air Traffic Organization is subject to a myriad of demands from a large and diverse constituency. Over time, the accumulation of ‘top priorities’ can be confusing and sometimes seemingly at odds with each other. One of the most important initial tasks of the COO will be to align the organization, its oversight bodies, and customers around its mission, a common set of goals, and the way in which progress toward those goals is measured. This will be more difficult than it sounds. It is not hard to compile a list of obvious priorities. What is difficult is having an understanding of what is needed to deliver those priorities in sufficient depth so that a very few specific, objective, and accurate measures can be used effectively. The Air Traffic Organization is an operational entity and requires metrics that drive down into the actual operations that take place on a daily basis. This can sometimes be confusing because, while an overall goal is talked about in public discussions about the effectiveness of the management team, a different, much more specific set of goals is used within the operating environment. There may be a time when the COO appears before this Committee and discusses the ATO’s progress using detailed measurements. I wanted to make note of this because, often the best way to achieve

success with a public goal which is broadly understood, is to break it down into controllable sub-elements and measure them.

Let me comment briefly on the acquisition programs and metrics. Every quarter the ATS Subcommittee reviews the metrics on the most important key acquisition programs. We look at cost performance and schedule performance. We also evaluate and discuss key issues and risks with the Administrator and her management team. We also have relied on the Inspector General and the General Accounting Office for their independent in-depth look at these programs. I believe that the modernization programs present some of the most complex challenges for the FAA. However, I am equally convinced that the FAA is improving its approach by learning from past mistakes to build a process that will work and last. Specifically, on STARS, as you know all too well, the history is long. Moving forward, the ATS Subcommittee is aware that MITRE will be conducting an independent study to evaluate the cost/benefits of proceeding with the complete implementation of STARS versus an alternative of a combination of STARS and Common ARTS, the current installed base. Finally, you can be sure that our Subcommittee will keep a sharp eye on the ERAM (En Route Automation Modernization) program, a \$2 billion program, and one that is critical to improving the efficiency of the system.

One of the most important parts of a management process is its compensation system. It is clear that the Congress expects meaningful change within the Air Traffic Organization, and the Subcommittee strongly believes that a compensation system that supports that change is required. The preceding discussion about clarity of mission and precision of goals is

directly relevant here. Once the mission and goals have been clearly and precisely described, the ATO can relate the compensation of its employees to achievement of those goals. This may require changes in the current system. We have begun discussions with the Administrator and the COO concerning compensation changes.

I would like to close with the point that the changes being made at the FAA are being accomplished from within the FAA, not layered on by the Subcommittee, or any outside group. I have been most impressed with the professionalism at the FAA, their commitment to improve what, as previously stated, is the safest, most efficient air traffic control system in the world. This commitment comes from Administrator Marion Blakey, her management team and from all the employees with whom I have been in contact. The desire to help the Subcommittee gain an understanding of the work necessary to maintain the standing of the FAA in the world's aviation community has been most appreciated. I would also like to thank Ken Mead, DOT Inspector General, and Dr. Gerald Dillingham, General Accounting Office, for their help and assistance. Both the DOT-IG and the GAO have provided the Subcommittee with valuable information and insight that has helped to focus our own efforts on the key issues.